



PANHANDLE

BENEWAH, BONNER, BOUNDARY, KOOTENAI, & SHOSHONE COUNTIES

EMPLOYMENT TRENDS

Although the economic recovery has been slow and tenuous, its effect is visible in the Panhandle's falling unemployment rate. Between December 2001 and December 2002, the Panhandle's seasonally adjusted unemployment rate fell from 9.0 percent to 8.4 percent, and *Nonfarm Payroll Jobs* increased 2.0 percent, from 67,680 to 69,020.

At first glance, the November-to-December statistics may not paint a picture of recovery. However, much of the unemployment increase between November and December resulted from the temporary shutdowns of the two Louisiana-Pacific mills in Boundary County. Both mills were back in production by early January, so the unemployment was short-lived. The payroll job losses between November and December were the normal job losses experienced between those two months each year, so they did not indicate additional stresses on the Panhandle economy.

Despite continued weakness most industrial sectors gained strength in the last half of 2002. After suffering large losses in recent years, *Mining* employment stabilized during 2002. Low mortgage rates fueling residential construction and warm, dry weather this fall and winter kept *Construction* active at higher rates than normal. Employment reductions in *Lumber & Wood Products* between December 2001 and December 2002 reflect the temporary mill shutdowns; otherwise, employment would have been slightly higher than the year before. Jobs in *All Other Manufacturing* also steadied in 2002, in large part because job losses early in 2002 were offset by job gains made by three Sandpoint manufacturers—Litehouse Dressing, Unicep Packaging, and Packer Aircraft. *Retail Trade* held its own during 2002. *Services* added jobs, mostly at call centers and health care providers. Despite tighter budgets for state and local government, *Government Administration* grew because community hospitals added jobs. North Idaho College and the public school districts also added jobs as their enrollments grew.

Like the rest of the United States, the Panhandle is not clearly out of the woods yet. There remains many unemployed

Panhandle Table 1: Labor Force & Employment

	Dec 2002*	Nov 2002	Dec 2001	% Change From Last Month	Last Year
INDIVIDUALS BY PLACE OF RESIDENCE					
Seasonally Adjusted					
Civilian Labor Force	93,350	92,850	91,480	0.5	2.0
Unemployed	7,870	7,490	8,270	5.1	-4.8
% of Labor Force Unemployed	8.4%	8.1%	9.0%		
Total Employment	85,480	85,360	83,210	0.1	2.7
Unadjusted					
Civilian Labor Force	93,910	93,250	88,440	0.7	6.2
Unemployed	8,830	7,030	9,200	25.6	-4.0
% of Labor Force Unemployed	9.4%	7.5%	10.4%		
Total Employment	85,080	86,220	79,240	-1.3	7.4
JOBS BY PLACE OF WORK					
Nonfarm Payroll Jobs**	69,020	69,880	67,680	-1.2	2.0
Goods-Producing Industries	13,010	13,610	13,310	-4.4	-2.3
Mining	530	540	560	-1.9	-5.4
Construction	4,090	4,440	4,190	-7.9	-2.4
Manufacturing	8,390	8,630	8,560	-2.8	-2.0
Lumber & Wood Products	3,990	4,200	4,110	-5.0	-2.9
All Other Manufacturing	4,400	4,430	4,450	-0.7	-1.1
Service-Producing Industries	56,010	56,270	54,370	-0.5	3.0
Transportation	1,470	1,470	1,450	0.0	1.4
Communication & Utilities	1,010	1,030	1,040	-1.9	-2.9
Wholesale Trade	2,140	2,130	2,100	0.5	1.9
Retail Trade	15,380	15,250	15,110	0.9	1.8
Finance, Insurance & Real Estate	2,680	2,700	2,730	-0.7	-1.8
Service & Miscellaneous	18,750	18,800	17,520	-0.3	7.0
Government Administration	8,830	9,120	8,780	-3.2	0.6
Government Education	5,750	5,770	5,640	-0.3	2.0

* Preliminary estimate

**Full- or part-time jobs of people who worked for or received wages in the pay period including the 12th of the month

workers, and many of them have been unemployed for exceptionally long periods. The outlook for wood products is grim. With prices near a ten-year low, mills and logging companies may be forced to lay off workers in 2003. Other manufacturers still face tough markets; most don't expect significant turnarounds until the third quarter. Low snow levels this winter hurt tourist operations, especially in areas that rely on snowmobilers. Summer tourism could be hurt if gasoline prices increase.

AREA DEVELOPMENTS

Benewah County

- The City of St. Maries broke ground on a \$1.9 million water treatment plant on January 15. That was the first of the area's seven major construction projects planned for 2003. Another project will be the construction of a water transmission line through Riverdale to the treatment plant. Bids opened on January 30 for the \$2.2 million downtown revitalization project detailed in the May 2002 *Idaho Employment*. The \$1.2 million reconstruction of the St. Maries floodwall, described in the December 2002 *Idaho Employment*, will start this spring. Other St. Maries construction projects starting this year include a \$1.2 million improvement of the St. Maries Airport, con-

struction of a \$144,000 pedestrian trail connecting Coeur d'Alene Avenue to Mullan Trail Park, and a \$750,000 addition to Benewah Community Hospital. Timber Plus, the economic development organization serving the St. Maries area, played a major role in providing the vision and finding the funding for these projects.

- Dell Finnell recently opened Advanced Technical Machining, Inc. Offering CNC design and production with precision milling, the business uses CAD/CAM technology. Its \$80,000 vertical lathe is capable of recreating any item that can be placed on the cutting table. Currently, Advanced Technical Machining is manufacturing grapples equalizers—locally designed units that improve the operation of grapples logging equipment. Finnell hopes to have at least three CNC machines operating by the end of the year.
- Early in 2003, Ray and Valerie Rouse opened St. Joe Bookkeeping & Tax Service in the former Carney Products office building in St. Maries. In addition to providing bookkeeping and tax services, the Rouses also offer private computer lessons.

Bonner County

- The Sandpoint area is losing one of its largest retailers. KMart announced that it will close the KMart at the Bonner Mall in Ponderay in late March. The Ponderay store is one of 316 stores nationwide that will close as KMart attempts to reorganize. About 70 people will lose their jobs when the Ponderay store closes. KMart and the Sandpoint Job Service are providing them with assistance in making the transition to new jobs. KMart was the first big-box store to move to Ponderay. When it opened in 1990, it employed 150 people. In 1996, Wal-Mart opened a store in Ponderay, where it employs about 300 people.
- Bonner County's retail sector remains substantial; about 180 retail stores employ more than 1,700 people, while restaurants, bars, and the Coldwater Creek catalog company provides another 1,000 jobs classified as *Retail Trade*.

Kootenai County

- The University of Idaho Research Park in Post Falls recently welcomed two new tenants—Biogenetic Inc. and McGillivray Environmental, LLC. Biogenetic Inc., a developer and seller of medical drug technologies, also serves as a link between technology developers and venture capitalists and helps firms get commercial patents. The company recently moved from Spokane to the research park where it employs 20 people; it may add 10 people during the next year. Biogenetics could assist other park tenants in bringing their technologies to market. McGillivray Environmental, specializing in environmental remediation, opened an office at the park in September. It retains an office in Osburn in the Silver Valley. The business, headed by Kip McGillivray, also provides training to help people meet OSHA standards for hazardous waste operations and emergency response so they can qualify for jobs in Superfund work, meth lab cleanup, and other hazardous waste cleanup. Those jobs typically pay around \$20 an hour.

- AC Data Systems, a manufacturer located at Riverbend Commerce Park in Post Falls, recently introduced a new surge protector for the residential market. AC Data Systems has been making surge protectors for commercial uses since it was founded nine years ago. The new surge protector can be attached to a house's fuse box to protect all household appliances from power surges. With household appliances increasingly featuring high-end electronics, the company is hopeful the surge protectors will be popular. AC Data Systems currently employs 30 people and has the potential to add more workers over the next year.
- Burlington Northern and Santa Fe Railway plans to open its locomotive refueling depot near Rathdrum in 2004. Construction on the building structures is complete. Now construction workers are starting the inside work on the buildings, and soon a crew will begin laying tracks that will connect the depot to the main line that runs between Sandpoint and Spokane. The \$15 million project includes fueling platforms and a 500,000-gallon tank farm. When the depot opens, it will refuel 25 trains a day and employ about 75 people.
- Coeur d'Alene recently saw the birth of these new businesses: Brown's General Store, a 580-square-foot store selling clothing, stationery, handicrafts made by local artists, and other gift items at 416 ½ Sherman Avenue; Sacred Grounds, a delicatessen and espresso shop with a drive-through window in the Conoco station at 356 East Appleway; Petal Pushers, a shop selling fresh-cut flowers, houseplants, jewelry, and household decorations, as well as locally grown perennials in season, at 1844 Government Way; Le Danse, a studio offering yoga and Tai Chi classes, as well as ballet, tap, jazz, hip hop, and other dance classes in the 7-11 mini-mall at Fourth and Best; and a Subway restaurant with a drive-through window and indoor seating in the Chevron station at Government Way and Kathleen Avenue.

Shoshone County

- The Galena Mine near Wallace produced a record 5.3 million ounces of silver in 2002. The mine's owner, Coeur Silver Valley Resources, expects the mine will have another record year of production in 2003. The Galena Mine is the only major mine operating at capacity in the Silver Valley. It has always been a low-cost producer of silver, allowing it to break even at lower prices than most other mines. Recently, the price of silver has been hovering around \$4.60 an ounce—near Galena's breakeven point. (The price at which a mine is forced to shut down generally is considerably lower than its breakeven point, the point at which it turns a profit.) The Galena employs more than 200 people and shares the distinction of being the county's largest private employer with Dave Smith Motors in Kellogg.

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